

LOVING COUNTY APPRAISAL DISTRICT
COMMERCIAL SCHEDULE

Commercial Building Schedule
Value per Square Foot

Commercial Bldg TYPE	Class 1 Brick/Masonry Constr				Class 2 Metal/Steel Constr				Class 3 Wood Frame/Adobe Constr			
	Low (L)	Avg (A)	Good (G)	Excel (E)	Low (L)	Avg (A)	Good (G)	Excel (E)	Low (L)	Avg (A)	Good (G)	Excel (E)
Café (CAFÉ)		52.55	69.48		30.66	44.75	61.81	88.51	25.46	39.60	56.18	82.67
Office (OFF)	42.09	53.30	70.23	89.16	25.71	36.59	50.93	70.95	21.34	33.41	46.04	63.36
Store (STORE)	28.21	40.60	54.04	70.98	19.78	29.91	41.04	58.59	17.55	23.76	31.19	42.08
Warehouse (WRHS)	18.43	24.41	34.12		11.22	16.07	25.22	34.61	8.63	11.02	17.82	

CNPY denotes covers, porches, driveways, etc. on a commercial property. Measure, draw, and input as a flat cost appropriate to the site.

COMMERCIAL STORAGE-ATTACHED OR DETACHED
(COM STG)

COM STG	1	999999	5.00
	2	999999	7.50
	3	999999	10.00
	4	999999	12.00
	5	999999	13.50
	6	999999	15.00

COM STG refers to storage, utility, or small warehouse areas associated with a larger commercial structure.

DEPRECIATION

Depreciation is a property's loss of value, from any and all causes, when compared to a new structure of similar function and utility. The three major types of depreciation are explained as follows:

- **Physical Depreciation** – Over time, a structure loses value due to the wasting away of materials, and this may be accelerated by deferring necessary maintenance. Expressed as a condition grade and a building age, all properties have their physical depreciation estimated at inspection. The combination of the condition grade and age gives a “percent good” reflecting the remaining value of the structure.
- **Functional Depreciation** – Oftentimes a property will exhibit characteristics that will affect its value, either positively or negatively, when compared to the typical format for that particular structure. These characteristics need to be addressed when estimating the market value. A few examples will be helpful.
 1. Second floors are less functional and often less desirable to buyers. Therefore, the living area on a second floor has less value per square foot than the corresponding living area on the first floor.
 2. Enclosed garages, porches, or additions often have less utility than the original living area due to the quality or completeness of the renovation.
 3. Room arrangements that are obviously poorly planned creating flow problems and inconveniences will affect the marketability of a property.
 4. Structures that have extra amenities, such as more than typical insulation, superior air conditioning systems, intricate water filtration systems, specialty fixtures, custom cabinetry, etc., can all increase the value of a structure when compared to typical.
- **Economic Depreciation** – If a property's value is affected by conditions or situations outside the property itself, the result is economic depreciation. As with physical depreciation, the result can be either positive or negative. Although logical and often easy to imagine, economic depreciation is the most difficult adjustment to estimate because it is the most difficult to prove within the given market conditions. As such, adjustments for economic depreciation should be approached very carefully and only in situations where the estimated affect is obvious and significant. Examples are:
 1. Residential property located in areas that are not primarily residential in nature.
 2. Homes that are significantly larger (or smaller) than the typical home in a given neighborhood.
 3. Commercial property subject to excessive regulation, or to income-limiting contracts.

All forms of depreciation should be considered when inspecting a property. Functional and economic depreciation may not be appropriate for a given structure, but details affecting the decision to apply must be noted and justified during inspection.

Depreciation Definitions

As mentioned above, a condition score is assigned to structures when inspected. Care needs to be taken to be very consistent in the use of condition grades. Fair and equal appraisal depends on the uniform application of these, and all grades, adjustments, classes, and other value based decisions.

Condition grades range from excellent to unsound with the following characterizations. Computer input codes are in bold.

- Excellent – **EX** – Building is in perfect condition; very attractive and highly desirable.
- Very Good – **VG** – Very slight evidence of deterioration; still attractive and quite desirable.
- Good – **GD** – Minor deterioration is visible; slightly less attractive and desirable, but very usable.
- Average – **AV** – Only normal wear and tear is apparent; average attractiveness and desirability.
- Fair – **FA** – Marked deterioration but is quite usable; rather unattractive and undesirable.
- Poor – **PO** – Definite deterioration is obvious; definitely undesirable, but still moderately useful. Repairable.
- Very Poor – **VP** – Condition approaches unsoundness; extremely undesirable and barely useful. Repair is questionable.
- Unsound – **US** – Building is definitely unsound and unfit for use. Probably beyond repair.

Either the built year (if known) or an “effective” year must be determined at inspection. The “effective” year gives the relative age of the structure given its level of maintenance. The useful life of residential and commercial structures is approximately 50 years. Beyond that age, utility and function are limited such that the building is no longer enhancing the value of the property. The structure may have limited value and use, but could be feasibly replaced with a new structure. The life of a structure can be extended if maintenance issues are addressed as they arise. A house that has been properly maintained over its life, i.e. roof repairs/replacement, painting, foundation repairs, wiring/plumbing modernization, renovation, etc., can have an effective age of 20 years when its actual age may be in excess of 100 years. In other words, protecting or enhancing the investment in your property extends its life and extends its value over time.

The value of mobile homes, and in certain circumstances rural buildings, is affected primarily by age. Their economic lives are shorter and therefore need an accelerated depreciation schedule. Mobile homes have two depreciation schedules. Older and single wide mobile homes use the **MHSP** schedule, while newer and double wide homes use the **3025** schedule.

Physical Depreciation Table

The following table will produce a “percent good” to be applied to a structure within this schedule.

Age	Residential/Commercial								Mobile Homes		Rural Bldgs
	EX	VG	GD	AV	FA	PO	VP	US	MHSP	3025	FARM
1	1.00	1.00	1.00	.95	.90	.85	.80	.50	.94	.95	.80
2	1.00	1.00	.95	.95	.90	.85	.80	.50	.88	.91	.80
3	1.00	1.00	.95	.95	.90	.85	.80	.50	.83	.87	.80
4	1.00	.95	.95	.95	.90	.85	.80	.50	.78	.83	.75
5	1.00	.95	.95	.95	.90	.85	.80	.50	.73	.79	.75
6	.95	.95	.95	.90	.85	.80	.75	.50	.69	.75	.75
7	.95	.95	.95	.90	.85	.80	.75	.50	.65	.72	.75
8	.95	.95	.95	.90	.85	.80	.75	.50	.61	.68	.75
9	.95	.95	.90	.90	.85	.80	.75	.50	.57	.65	.60
10	.95	.95	.90	.90	.85	.80	.70	.50	.54	.62	.60
11	.95	.95	.90	.85	.80	.75	.70	.50	.51	.59	.60
12	.95	.95	.90	.85	.80	.75	.70	.50	.48	.56	.60
13	.95	.95	.90	.85	.80	.75	.65	.50	.45	.54	.60
14	.95	.95	.90	.85	.80	.75	.65	.50	.42	.51	.50
15	.95	.90	.90	.85	.80	.75	.65	.50	.39	.49	.50
16	.95	.90	.85	.80	.75	.70	.60	.50	.37	.46	.50
17	.95	.90	.85	.80	.75	.70	.60	.50	.35	.44	.50
18	.95	.90	.85	.80	.75	.70	.60	.50	.33	.42	.50
19	.95	.90	.85	.80	.75	.70	.60	.50	.31	.40	.40
20	.95	.90	.85	.80	.75	.70	.60	.50	.30	.38	.40
21	.95	.90	.85	.80	.75	.65	.55	.50		.37	.40
22	.95	.90	.85	.80	.75	.65	.55	.50		.35	.40
23	.95	.90	.85	.80	.75	.65	.55	.45		.33	.40
24	.95	.90	.85	.80	.75	.65	.55	.45		.32	.30
25	.95	.90	.85	.80	.75	.65	.55	.45		.30	.30
26	.90	.85	.80	.75	.70	.60	.50	.40			.30
27	.90	.85	.80	.75	.70	.60	.50	.40			.30
28	.90	.85	.80	.75	.70	.60	.50	.40			.30
29	.90	.85	.80	.75	.70	.60	.50	.40			.20
30	.90	.85	.80	.75	.70	.60	.50	.40			
31	.85	.80	.75	.70	.65	.55	.45	.35			
32	.85	.80	.75	.70	.65	.55	.45	.35			
33	.85	.80	.75	.70	.65	.55	.45	.35			
34	.85	.80	.75	.70	.65	.55	.45	.35			
35	.85	.80	.75	.70	.65	.55	.45	.35			
36	.80	.75	.70	.65	.60	.50	.40	.30			
37	.80	.75	.70	.65	.60	.50	.40	.30			
38	.80	.75	.70	.65	.60	.50	.40	.30			
39	.80	.75	.70	.65	.60	.50	.40	.30			
40	.80	.75	.70	.65	.60	.50	.40	.30			
41	.75	.70	.65	.60	.55	.45	.35	.20			
42	.75	.70	.65	.60	.55	.45	.35	.20			
43	.75	.70	.65	.60	.55	.45	.35	.20			
44	.75	.70	.65	.60	.55	.45	.35	.20			
45	.75	.70	.65	.60	.55	.45	.35	.20			
46	.75	.70	.65	.60	.55	.45	.35	.20			

47	.75	.70	.65	.60	.55	.45	.35	.20			
48	.75	.70	.65	.60	.55	.45	.35	.20			
49	.75	.70	.65	.60	.55	.45	.35	.20			
50+	.70	.65	.60	.55	.50	.40	.30	.10			